



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 10/17/2006

**GAIN Report Number:** FR6059

## France

### Product Brief

### Non-Alcoholic Beverage 2006

2006

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**Report Highlights:**

Non-alcoholic beverage sales in France have exhibited a general decline attributable to the French government's campaign to promote healthy eating habits and the perception that carbonated drinks and concentrated fruit juices contribute to obesity in children and adults. Non-alcoholic drinks with a healthier image have not suffered this downward trend.

The market for flavored syrups and liquid concentrates shows potential, particularly of the organic, aspartame-free and reduced calorie variety.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Paris [FR1]  
[FR]

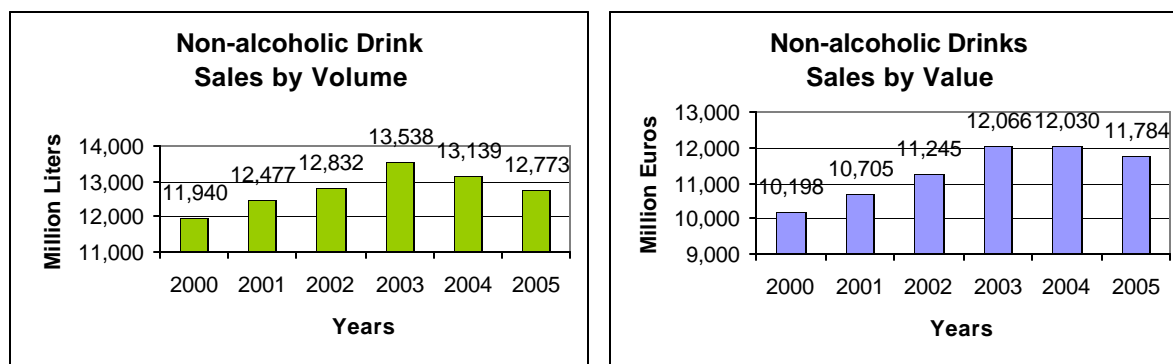
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## Executive Summary

Non-alcoholic beverage sales in France fluctuated over the past several years as consumers responded to various factors, peaking in calendar year (CY) 2003 in reaction to the heat wave. This was followed by a decline in sales of concentrated juices, cocktail mixes, and flavored water, but an increase in not-from-concentrate juices. Private labels, or store brands, increasingly compete with traditional brands. Coca-Cola, whose leading brand is Coca-Cola, remains the leading company in off-trade value terms, and competes with French bottled water manufacturers in the market for non-alcoholic beverages. Supermarkets and hypermarkets remain the main off-trade distribution channels. Best prospects in the French market are in innovative and original products, such as cranberry juice and flavored syrups.



Source: Euromonitor International "Soft Drinks in France" estimates, June 2006 [Trade associations (Syndicat National des Fabricants de Sirop, Unijus, PLMA), trade press (LSA, FaireSavoirFaire, Points de Vente, Boissons de France. Ravon Boissons). company research. store checks. trade interviews]

## Consumer Trends

In 2005, French households spent 1.1% of their budgets on non-alcoholic drinks, with overall sales totaling \$11.7 billion. That same year, total sales of non-alcoholic drinks fell by 3% in volume and 2% in current value continuing a downward trend of non-alcoholic drink sales since 2003. However, hypermarkets reported a 20% rise in sales in bottled water and carbonated water from July 10-20, 2006 compared to the same period the previous year, due to a July heat wave. For other non-alcoholic drinks, the general decline in sales is attributed to the French government's campaign to promote healthy eating habits and the perception that carbonated drinks and concentrated fruit juices lead to obesity in adults and children.

Although an estimated 80% of flavored water clients have switched to light drinks, the growth in sales volume for reduced sugar and low calorie drinks has slowed from 6% in CY 2003 to 1% in CY 2005, and these drinks accounted for 25% of all non-alcoholic drink sales in CY 2005. Some health experts claim that diet drinks cannot be considered healthy, because of their aspartame content.

Spirits sales have also stagnated due to health trends, leading to a decline in cocktail-mix sales of 3% by volume and 2% by value in CY 2005. Sales of non-alcoholic punches and cocktails also fell 3% in volume and value in CY 2005, which could be attributed to greater health awareness, as these beverages tend to have high calorie and sugar contents.

Non-alcoholic drinks with a healthier image were not subject to the downward trend. Not-from-concentrate juice increased 2.5% in value and 5.9% in volume from April 2005 to April

2006. Sales for flavored syrups and liquid concentrates grew just under 2% from the previous year with the introduction of organic, low-calorie and reduced sugar varieties in CY 2005.

The French ban on energy drinks containing taurine and high caffeine levels has caused consumers to switch to sports drinks. Sales of sports and other energy drinks grew 129% in CY 2005 from the year before, but are still marginal compared to other countries in Europe and only account for 0.1% of all soft drink sales in France.

### Competition

The French market for non-alcoholic beverages is increasingly competitive. Coca-Cola, whose leading brand is Coca-Cola, remains the leading non-alcoholic drink company by value sales with 17% of off-trade value sales, 43% of on-trade value sales, and 20% of on-trade volume sales in CY 2005. Coca-Cola benefits from a strong position in off-trade and on-trade distribution and a significant advertising budget. In terms of off-trade value sales in CY 2005, however, Coca-Cola is fourth in the non-alcoholic beverage market after three French bottled water manufacturers.

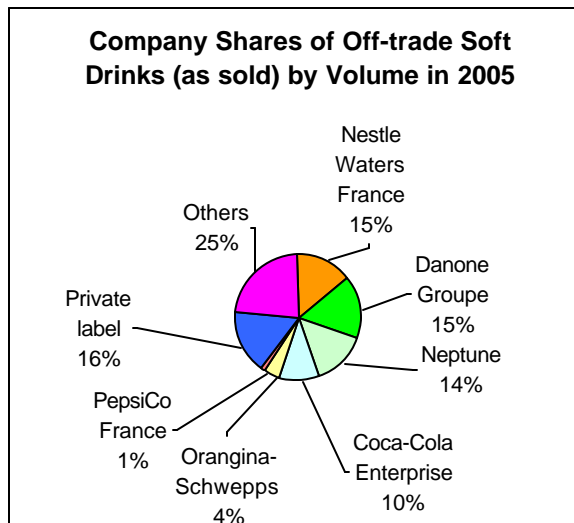
French bottled water manufacturers are leading in non-alcoholic beverage off-trade sales with 72% of the market by volume and 46% by value in CY 2005. Nestlé Waters France SAS is the world's leading bottled water manufacturer, and competes with Danone, which is leading in France with 15.4% of off-trade volume sales of non-alcoholic drinks in CY 2005.

Consumer demand has shifted toward private labels, which refers to store brand non-alcoholic drinks. Private labels displayed the greatest increase in off-trade volume share among national brand owners with 1.5% growth from CY 2001 to CY 2005. This shift is pressuring non-alcoholic drink manufacturers to innovate and differentiate their brands from private labels. Coca-Cola recently launched a diet orange soda as well as Blak, a mix of Coca-Cola and coffee. Orangina-Schweppes introduced Pampryl, a new line of smoothies.

France imported 310,985 liters of ready-to-drink flavored water and colas from the U.S. in CY 2005 and 550,579,376 liters from Germany, Belgium, and the Netherlands. It imported 10,047 liters of unflavored, unsweetened water from the U.S. in CY 2005 and 407,611,287 liters from Italy, Luxembourg, and Belgium.

### Niche Market Opportunities

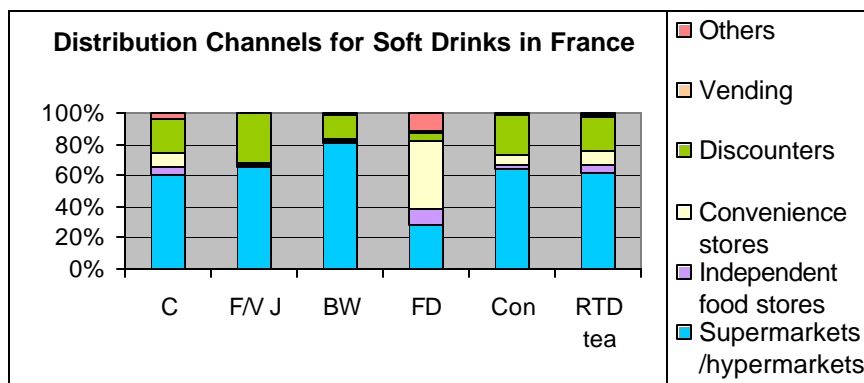
With just under 2% growth in CY 2005 from the previous year, the market for flavored syrups and liquid concentrates has room for expansion, particularly of the organic, aspartame-free, and reduced calorie variety. In CY 2005, Teisseire recruited 200,000 new consumers by launching a reduced sugar, low-calorie line of flavored syrups, smaller jugs that appeal to young people, and original flavors, like pink grapefruit and peach tea. Moulin



Source: Trade associations (Syndicat National des Fabricants de Sirop, Unijus, PLMA), trade press (LSA, FaireSavoirFaire, Points de Vente, Boissons de France, Rayon Boissons), company research, store checks, trade interviews, Euromonitor International estimates, 2006.  
Note: Excludes power concentrates.

de Valdonne of Teisseire offers organic concentrates. Organic concentrates have growth potential, since they are perceived as healthy and natural. Admired for these same qualities, cranberries have recently appeared in colas, juices, syrups, and cocktail mixes. Ocean Spray has sold nearly 4 million liters of cranberry juice since its debut on the French market in early 2005. Carrefour is developing a private label cranberry juice.

### Distribution Channels



Key: C = Carbonates, F/VJ = Fruit/Vegetable Juice, BW = Bottled water, FD = Functional drinks, Con = Concentrates, RTD T = Ready-to-Drink tea

Source: Trade associations (Syndicat National des Fabricants de Sirop, Unijus, PLMA), trade press (LSA, FaireSavoirFaire, Points de Vente, Boissons de France, Rayon Boissons), company research, store checks, trade interviews, Euromonitor International estimates 2005

Supermarkets and hypermarkets remain the primary distribution channels, accounting for 76% of off-trade volume sales, but many of them are switching their purchases away from manufacturers' brands toward private labels. Vending machines make up less than 1% of off-trade volume sales in CY 2005. Previously banned in schools, vending machines might be reintroduced in 2006 after parliamentary debates, but all drinks and snacks sold through this channel will require pre-authorization. The share of sales for hard discounters, which account for 19% of off-trade volume sales, has been growing over the last five years.

### Exporter Advice

**Labeling:** In the coming year, the EU may revise EU Directive 2000/13/EC, which could affect beverages containing the name "diet" and "light." If the changes are adopted, these beverages must conform to the limits on the content of calories, sugar, salt, and other substances for products marketed as healthy.

A French government-sponsored working group has proposed applying a "nutritional tax" to sweet drinks, which would include sodas, fruit nectars (highly concentrated, sugar-added juices), and syrups. Fruit and vegetable juices and mineral waters would be exempt. The proposed tax is 0.06€ per liter for sodas and 0.025€ per liter for nectars.

### Taxes and Tariffs

Code	Description	Conventional Tax
2201	Natural or artificial mineral water and carbonated water, no sugar or artificial sweeteners added, unflavored	Exempt

2202	Mineral or carbonated water, with sugar or artificial sweetener added, flavored, and other non-alcoholic beverages that exclude fruit and vegetable juices	9.6%
22029091	-- containing fat from dairy products less than 0.2%	6.4% + 13.7€ per 100 kg/net
22029095	-- containing fat from dairy products equal to or above 0.2% and less than 2%	5.5 + 12.1€ per 100 kg/net
22029099	-- containing fat from dairy products equal to or above 2%	5.4 + 21.2€ per 100 kg/net

For additional beverage information, please see Chapter 22 of the EU's 2006 International Customs Journal, available at <<http://www.ita.doc.gov/td/tic/tariff/EuropeanUnion.pdf>>.

### Pricing for Liquid Concentrates

Brand Name	Company Name	Outlet	Pack Size (liters)	Price (in \$)
Berger Sport grenadine	Berger SA	Convenience store	1	3.11
Berger Sport grenadine	Berger SA	Supermarket/Hypermarket	1	2.48
DIA Sirop de Fraise	ED Vitry/Seine	Discounter	0.75	2.05
DIA Sirop de Grenadine	ED Vitry/Seine	Discounter	0.75	1.48
DIA Sirop de Menthe	ED Vitry/Seine	Discounter	0.75	1.51
Moulin de Valdonne Sirop de Fruit Rouge	Moulin de Valdonne	Supermarket/Hypermarket	0.7	3.47
Moulin de Valdonne Sirop de Grenadine	Moulin de Valdonne	Convenience Store	0.7	3.98
Pêche Abricot	Casino	Supermarket/Hypermarket	1	3.51
Sirop Parfum Citron Premier Prix	Casino	Supermarket/Hypermarket	1	1.87
Sirop de Rose	Guiyot	Supermarket/Hypermarket	0.5	3.18
Teisseire Pamplemousse	Teisseire France SA	Discounter	0.75	3.77
Thé Pêche	Casino	Supermarket/Hypermarket	1	2.24

Source: Euromonitor 2006

Note: For the pricing of other soft drink-related products, please contact the U.S. Foreign Agricultural Service in Paris at [agparis@usda.gov](mailto:agparis@usda.gov).

## French Importers of Soft Drinks and Liquid Concentrates

Company Name	Type	Specialty	Telephone #
SAMGAB  Contact: Samson Mrejen 10 bis, rue de Clichy B.P. 66 93402 Saint-Ouen Cedex <a href="mailto:Samgab2@wanadoo.fr">Samgab2@wanadoo.fr</a>	Importer	Beverages	(33) 1.40.10.07.61  Fax: (33) 1.40.10.02.15
Audebert Boissons Cantal	Distributor	Lemonade, fizzy fruit drinks, fizzy natural drinks, seltzer water, quinine-based drinks, colas, syrups, alcohol-free wines and aperitifs	(33) 4.71.43.43.04
SO DI CAL	Distributor	Lemonade, dehydrated preparations for non-alcoholic drinks, fizzy fruit drinks, fizzy natural drinks, quinine-based drinks, colas, syrups, alcohol-free wines and aperitifs,	(33) 4.71.63.50.70
Pomona	Distributor	Syrups	(33) 1.55.59.65.00
EMIG GmbH & Co. KG · Halstenbeker Weg 98 · D - 25462 Rellingen <a href="mailto:westeurope@emig.de">westeurope@emig.de</a>	Distributor	Juices (distributes Ocean Spray in France)	Fax: 0049 (0) 4101 / 496 - 190